

**What's on Our Radar,
from 30,000 to 3,000 Feet**

Federal Funds Information for States
www.ffis.org

NASBO, August 2016

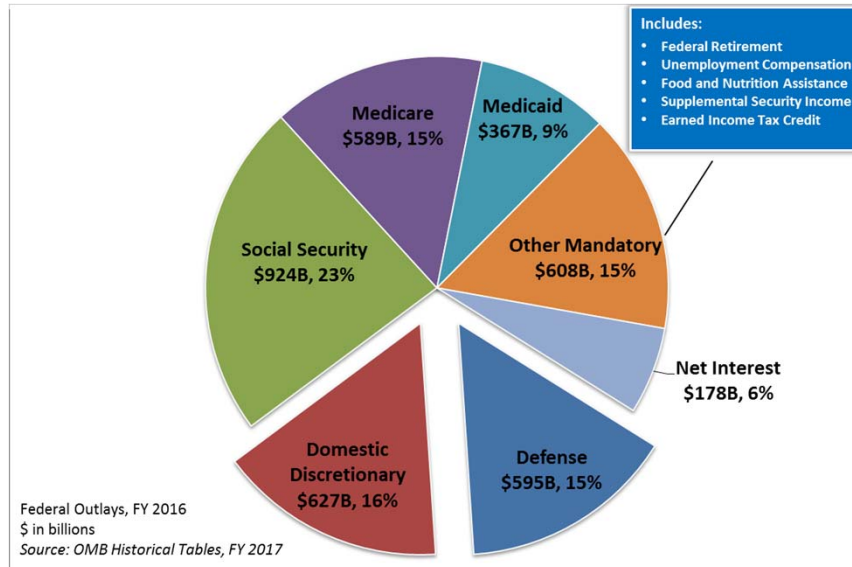


✓ **Federal Grants**

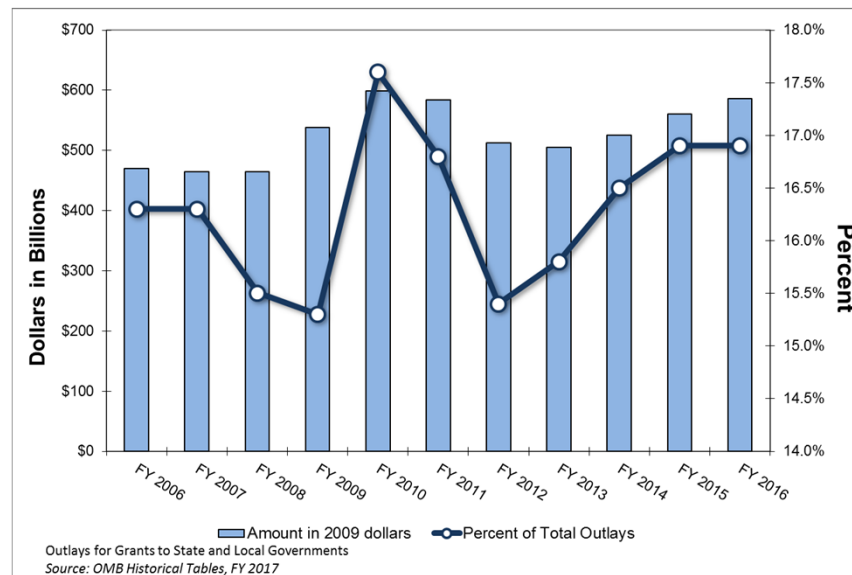
How do they work?

Why does it matter?

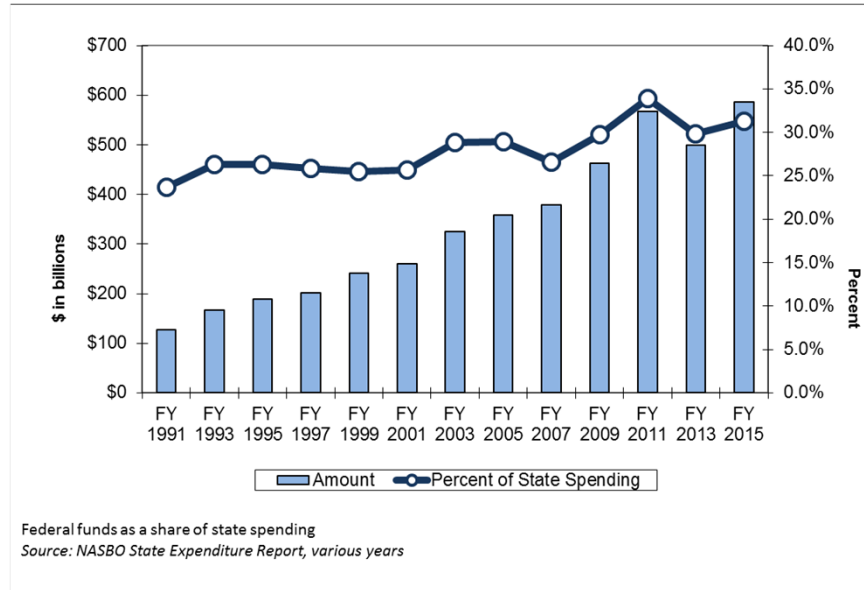
Most spending is spoken for



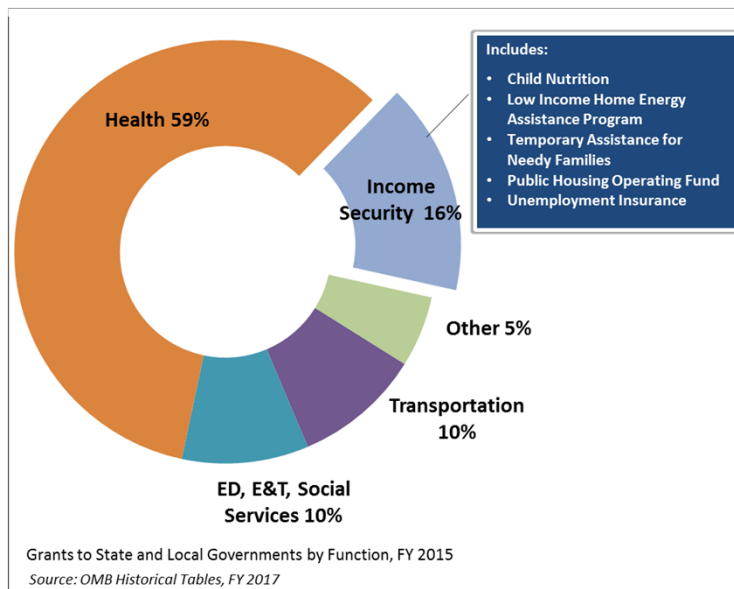
Grants play a minor role in federal spending...



...but a large and growing role in state budgets



Health dominates



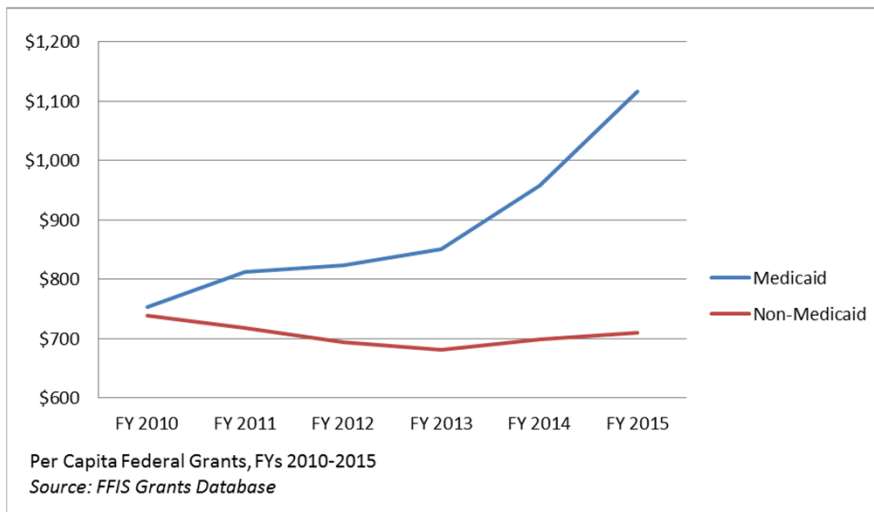
10 largest grants = 79% of total



Rank	Program	FY 2016 (\$ in billions)	% of Total	Cumulative Percentage
1	Medicaid	\$370	56.1%	56.1%
2	Highway Planning and Construction	43	6.6%	62.7%
3	Section 8 Housing Vouchers	20	3.0%	65.6%
4	TANF	17	2.5%	68.2%
5	Title I - Grants to LEAs	15	2.3%	70.4%
6	CHIP	13	2.0%	72.5%
7	National School Lunch Program	12	1.8%	74.3%
8	Special Education Grants to States	12	1.8%	76.1%
9	Transit Formula Grants	11	1.6%	77.7%
10	Head Start	9	1.3%	79.0%

Source: OMB Analytical Perspectives, FY 2017

The big story in federal aid



Winners in the last five years



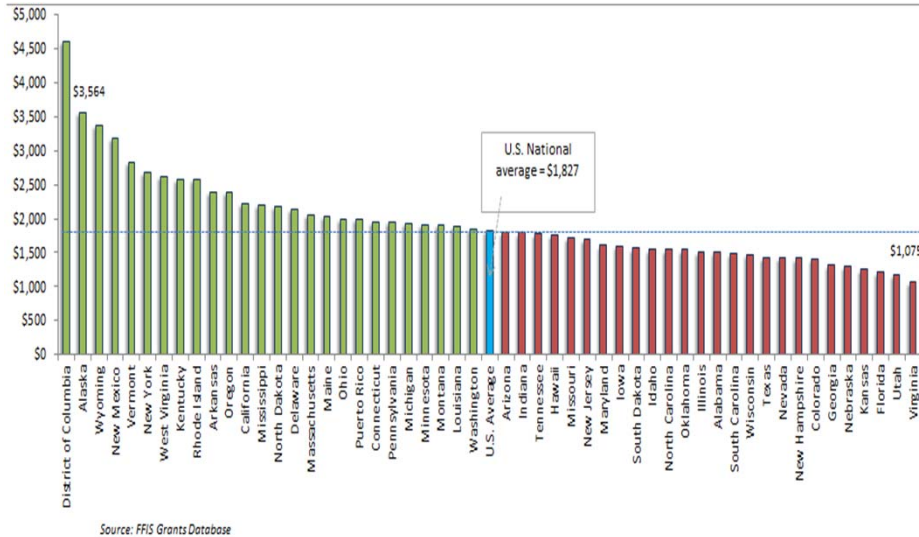
Notable Increases	Change	
	\$ (in millions)	Percent
Consolidated Health Centers	\$2,829	129%
School Lunch	1,953	20%
Crime Victims Assistance	1,547	375%
Head Start	1,363	19%
School Breakfast	1,035	36%
Adult and Child Care Food	953	40%
Child Support Enforcement	618	17%
Child Nutrition - Commodities	375	28%
FTA - Urbanized Area Formula	362	8%
Child Care and Develop. Block Grant	308	14%

Losers in the last five years

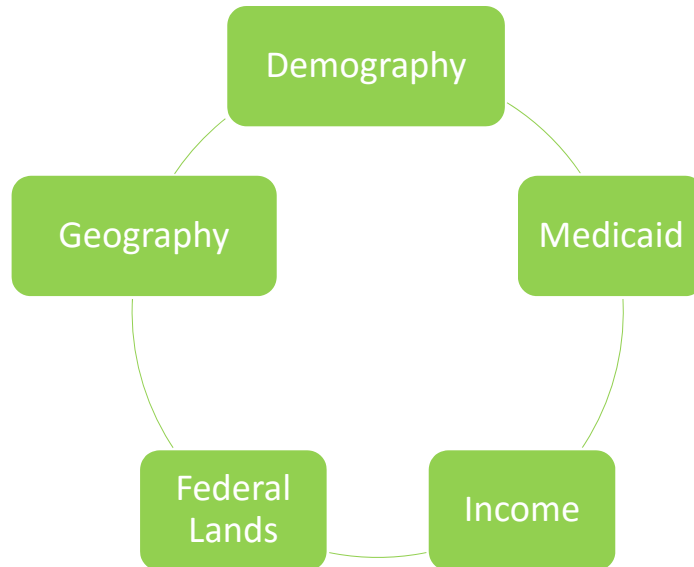


Notable Decreases	Change	
	\$ (in millions)	Percent
LIHEAP	-\$1,710	-34%
Clean Water Revolving Fund	-675	-32%
CDBG - Entitlement (Locals)	-656	-24%
WIC	-629	-9%
Public Housing Capital Fund	-625	-25%
Supporting Effective Instruction	-598	-20%
FTA - Bus and Bus Facilities	-547	-56%
HOME - Locals	-544	-49%
UI State Administration	-542	-16%
EPA Drinking Water	-493	-35%

FY 2015 grants per capita varied widely



What influences results?





✓ A Federal Update

What's on our radar?



FY 2017 Appropriations

- Length of CR
- How states will fare
 - Discretionary increase:
 - 2% House
 - 1.3% Senate
- Program eliminations, cuts
- New programs

Appropriations progress



Appropriations Subcommittee	House	Veto Threat?	Senate	Veto Threat?
Agriculture	Committee		Committee	
Commerce/Justice/Science	Committee		Committee	✓
Defense	✓	✓	Committee	
Energy & Water	Committee	✓	✓	✓
Financial Services	✓	✓	Committee	
Homeland Security	Committee		Committee	
Interior & Environment	✓	✓	Committee	
Labor/HHS/Education	Committee		Committee	
Legislative Branch	✓		Committee	
Military/Veterans	✓	✓	✓	
State/Foreign Operations	Committee		Committee	
Transportation/HUD	Committee		✓	✓

Reforms, reauthorizations



Opioids

- Big increase likely, but how big?
- Will new programs get funded?

Child Welfare

- Senate action?
- Funding gains and losses

TANF

- Extended?
- Reformed?

Hot Topics



Zika

- FY 2016 funding?
- Offsets?
- New block grant?

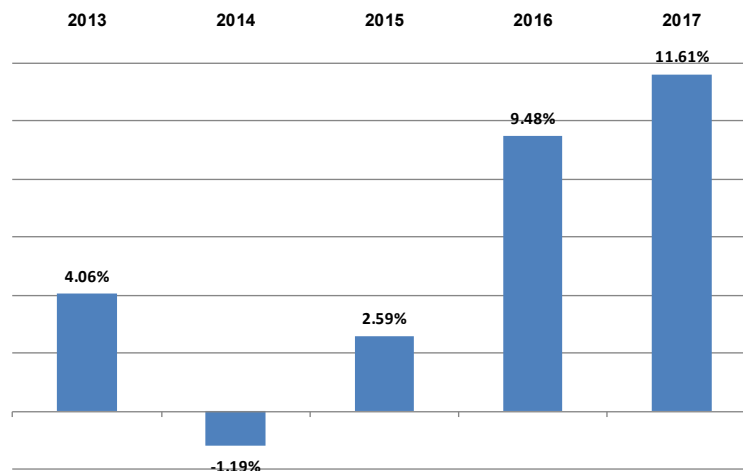
Part B

- 22%↑ projected for dual-eligibles (CY 2017)
- Congressional fix?

Clawback

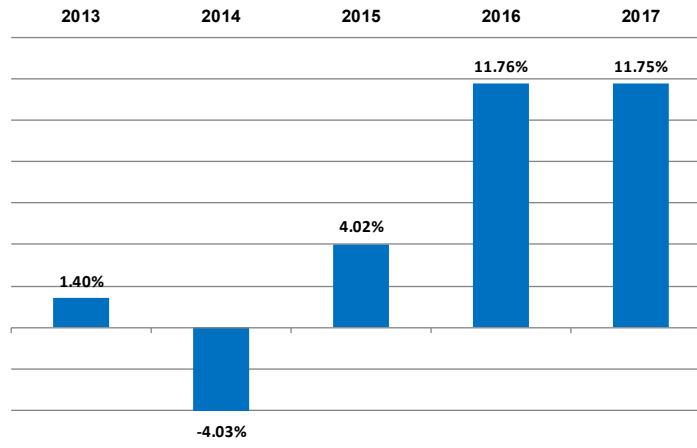
- \$1.1B ↑ projected (CY 2017)

Clawback payments are rising



Percent increase in state clawback payments, calendar years
Source: FFIS

Part D costs are driving them



Adjusted annual increase in per capita part D expenditures, calendar years
Source: FFIS

What's on our radar for next year?



Budget

- BCA changes
- President's budget
- Budget process reforms
- Deficit reduction

Debt Limit

- March 15
- Chaos?

Programs

- CHIP
- Health expirations
- DSH cuts effective

Other

- Anti-poverty overhaul
- Tax reform



End-Game Speculation

- Lame duck session
- FY 2017 appropriations
 - Long- or short-term CR?
 - Omnibus or minibuses?
- Time is running short
- Election-year shenanigans

Questions?



- Check for updates at www.ffis.org
 - ttomsic@ffis.org; 202-624-8577